



U.S. Immigration
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News Release

FIVE SOUTH BAY RESIDENTS PLEAD GUILTY TO RUNNING MAJOR ASIAN PROSTITUTION SCHEME

Charges include harboring aliens, money laundering, and tax evasion

SAN JOSE – Five South Bay residents pleaded guilty today to charges including conspiracy to harbor aliens, money laundering, and tax evasion for their role in running 10 unlicensed area massage parlors that were allegedly operating as residential brothels.

The charges stem from a year-long undercover investigation called “Operation Bad Neighbor” that involved U.S. Immigration and Customs Enforcement (ICE), the Internal Revenue Service (IRS), and the police departments of San Mateo and San Jose. The investigation began in the fall of 2004, when one of the suspects sought to bribe a police officer for the dismissal of local pimping and pandering charges against one of the other defendants.

“The crimes committed by these defendants have a detrimental impact on the quality of life in our neighborhoods, degrades the women involved in working at these brothels, and oftentimes brings other criminal activity into an area,” said U.S. Attorney Kevin V. Ryan. “I commend the outstanding cooperation by the San Jose and San Mateo Police Departments, IRS, and ICE.”

The following defendants pleaded guilty today:

- Xiao Feng Shen, 35, of San Jose, pleaded guilty to conspiracy to harbor aliens and money laundering conspiracy.
- Jia Jing Chu, 34, of San Jose, pleaded guilty to conspiracy to harbor aliens.
- Ai-Ching Chang, 45, of Sunnyvale, pleaded guilty to conspiracy to harbor aliens and money laundering conspiracy.
- Yan Song, 42, of San Jose, pleaded guilty to income tax evasion and money laundering conspiracy.

The following defendant pleaded guilty on February 1, 2006:

- Ming Sun, 32, of San Jose, pleaded guilty to conspiracy to harbor aliens and money laundering conspiracy.

According to the plea agreements, Shen, Sun, Chu, and Chang admitted employing women as prostitutes in apartments that served as unlicensed massage parlors. The defendants further admitted they would rotate the women through the locations and took measures, such as keeping the curtains drawn, to avoid attracting attention from the public or law enforcement.

Given the duration of the conspiracy and the number of locations, investigators estimate as many as 100 women may have been harbored by the defendants.

“Today's pleas are a gratifying outcome for the federal prosecutors and agents entrusted with protecting the victims of sexual exploitation,” said Charles DeMore, special agent-in-charge for ICE’s Office of Investigations in San Francisco. “ICE is committed to using its broad authorities to attack and dismantle criminal enterprises that prey on the vulnerable, threatening the welfare of not only the victims, but of entire communities.”

“Let us also be perfectly clear that the integrity of the law enforcement officers in our communities is not for sale,” said San Jose Chief of Police Rob Davis. “Those who attempt to buy protection for their crimes from local law enforcement officers will be buying themselves prison sentences.”

Shen, Sun, Chang, and Song admitted that, as part of the money laundering conspiracy, they collected cash from the locations where the alien women were being harbored and used the money to pay the women’s expenses.

“IRS is proud to have added value to this combined law enforcement effort with our financial investigative skills,” IRS Criminal Investigation Special Agent in Charge Roger L. Wirth. “The considerable funds seized in this investigation will be used in future efforts to eliminate any profits from this type of criminal activity.”

Twelve of the women who were taken into custody as part of the investigation have been declared material witnesses. Many of the other women who were originally held in the case have already undergone immigration proceedings and have been returned to their native countries. The investigation is ongoing.

Chu, Chang, and Chen are scheduled for sentencing May 3 before U.S. District Judge Jeremy Fogel in San Jose.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.